

Message Text

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PAGE 01 PARIS 29962 131442Z

43

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 AGR-05 STR-01 L-02 FRB-01 OMB-01

TAR-01 SP-02 SWF-01 AID-05 CIAE-00 COME-00 INR-05

IO-10 LAB-04 NSAE-00 OIC-02 RSC-01 SIL-01 TRSE-00

CIEP-01 CEA-01 SSO-00 NSCE-00 INRE-00 SS-15 NSC-05

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FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 5119

INFO AMEMBASSY LONDON IMMEDIATE

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DEPARTMENT PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR ETRD

SUBJECT: PARIS SUGAR BOURSE DEVELOPMENTS

REF: PARIS 29847

1. MINISTER OF COMMERCE ANSQUER ANNOUNCED DECEMBER 13 HE WOULD APPOINT A COMMITTEE OF INQUIRY TO STUDY THE PARIS BOURSE DE COMMERCE IN LIGHT OF THE PRESENT SUGAR CRISIS. THE BOURSE DE COMMERCE COVERS COMMODITY TRADING IN WHITE SUGAR, COCOA BEANS, ROBUSTA COFFEE, AND SOYBEAN CAKE.

2. AT THE REQUEST OF INTERNATIONAL OPERATORS IN THE SUGAR MARKET (NOT YET IDENTIFIED) THE COMMERCIAL COURT DECIDED LATE ON DECEMBER 12 TO BLOCK FUNDS EQUIVALENT TO THE DIFFERENCE BETWEEN THE SETTLEMENT PRICE ALREADY ORDERED BY THE COURT AND THE MARKET PRICE
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PAGE 02 PARIS 29962 131442Z

ON DECEMBER 2. THE AMOUNT IS ESTIMATED AT 200 MILLION

FRANCS. THE DECISION SHOULD PERMIT ACCOUNTS TO BE LIQUIDATED ON THE BASIS OF THE MARKET PRICE AS OF DECEMBER 2 PENDING A RESOLUTION BY THE COURT OF APPEAL AGAINST THE ORDER TO SETTLE ACCORDING TO ARTICLE 22. THE CLEARING BANK ASKED FOR A 48 HOUR DELAY IN IMPLEMENTATION OF THE COURT DECISION ON DECEMBER 11. MEANWHILE THE TEXT OF THAT JUDGMENT IS STILL UNAVAILABLE TO BROKERS AND DEALERS.

3. WHEN THE CLEARING BANK BEGINS SETTLEMENT ON DECEMBER 16, WE WILL HAVE THE FIRST TEST OF THE BANK'S LIQUIDITY. THE BANK HAS SHOWN ITS OWN CONFIDENCE IN THE FUTURE BY PROCLAIMING ITS READINESS TO RESUME NORMAL REGISTRATIONS OF SUGAR TRANSACTIONS AS OF THAT

DATE. TRADERS, BROKERS, LAWYERS, AND JOURNALISTS DOUBT THAT THE SUGAR MARKET CAN OPERATE NORMALLY BEFORE THE COURTS HAVE MADE DEFINITIVE JUDGMENTS ABOUT THE ARTICLE 22 DISPUTE.
STONE

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Message Attributes

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